

January 29, 2004

Jennifer J. Johnson  
Secretary  
Board of Governors of the Federal Reserve System  
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Re: Regulations B, E, M, Z, and DD; Docket No, R—1169

Dear Board of Governors:

Sunflower Bank thanks you for the opportunity to comment on this proposed amendment to Regulations B, E, M, Z, and DD as it has the potential to greatly impact the well being of banks while providing little, if any, benefit to the consumers it is intended to aid.

We applaud the Board's efforts to provide consistency among regulations in order to make compliance easier. However, we are somewhat perplexed in determining precisely why the Board believes that there is a need for such an amendment to the existing regulations. The proposed rule does not identify any problem with the existing regulations and disclosures. It merely indicates that the Board "believes" that the adoption of such an amendment will "facilitate compliance by institutions" and "help ensure that consumers receive noticeable and understandable information that is required by law in connection with obtaining consumer financial products and services." At no time does the Board suggest that financial institutions are currently having difficulty complying with the existing rules or that consumers are not receiving noticeable and understandable information as required by law in connection with the consumer financial products and services they obtain. It seems to us that the proposed amendment is a solution in search of a problem. That solution for a nonexistent problem assumes the risk of unnecessarily creating expense and liability for the financial services industry without a corresponding benefit to the consumer.

The Board states that it "believes that the recently implemented standard in Regulation P... articulates with greater precision than the other regulations the concepts underlying the duty to provide disclosures that consumers will notice and understand". We share that view. Nevertheless, we do not believe that Regulation P disclosures bear any resemblance to the disclosures required by the current regulations this rule proposes to amend. Regulation P requires "cookie cutter" disclosures that are not specific to any particular transaction or disclosure. Regulation P disclosures typically apply to all of a bank's accounts and need not be varied to fit particular facts and circumstances. The same is not true of the disclosures for the regulations impacted by the proposed amendment. Regulation B, E, M, Z, and DD disclosures are many, varied, and often specific to particular transactions. Accordingly, much time, effort, and expense will have to be expended in order to adapt the provisions of the proposed rule to each individual disclosure called for by the various regulations. We do not believe that this time, effort, and expense can be justified in any way.

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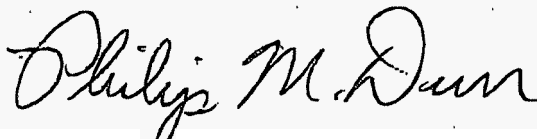
Specifically, the adoption of the proposed amendment will require the bank to review each and **every** disclosure required under Regulations B (ECOA), E (EFTA), M (Consumer Leasing), Z (TILA), and DD (**TISA**), including advertising and marketing materials, in order to determine whether bullet points should be added, **margins widened**, line spacing adjusted, etc. **The** disclosures **will** then have to be examined for "understandability" i.e. whether or not **they** are too legal sounding **and** lack "everyday words". **This is a** very subjective standard that will **almost** inevitably lead to litigation. Once such a review **is** completed, **many**, if not **all**, of the disclosures will have to be redrafted and reproduced at great expense to the bank

Once the disclosures have been redrafted and reproduced, the revised disclosures **will** become subject to review by third parties. **While** the **Board** **drafted** the proposed amendment with "precision" in **mind**, it should be noted that terms included **within** the proposal such as "everyday words", "legal terminology", "explanations that are imprecise", and even "wide **margins**" are not clear. Individuals will undoubtedly **differ** over the meaning of such terms and the application **of** those terms to the vast number of disclosures affected. Further, while the proposal merely intends to present examples of **what** constitutes "readily understandable" disclosures and denotes those examples as "optional", experience teaches us that the courts are likely to treat those examples **as** requirements under the law. **Unlike** Regulation P, violations of the consumer protection regulations **this** rule would **amend** carry **civil liability**. **As** a result, litigation will almost invariably **ensue** and the bank **will** **risk** potential liability as a consequence of attempting to apply the "precise" **terms** set forth in the proposed rule. Even if **the bank** wins the lawsuit, it will incur the costs of defending **the lawsuit**.

The requirements related to font size, margin size, headings, and bullets will **most** likely result in a **drastic** increase in the length of the disclosures. Not **only** will the lengthening of **the** disclosures result in additional costs to the **bank**, but it may also **make** consumers less inclined to review the disclosures. Furthermore, in **an** effort to reduce the size of the disclosures, banks **may** be inclined to **omit** useful additional information currently provided to consumers due to the increased **cost** to the bank **and** inconvenience to the consumer. Either result defeats the intended purpose of the disclosures.

Accordingly, this solution without a problem entails the likelihood of increased cost and **risk** to banks while providing little or **nothing** of benefit to the Consumer. Sunflower Bank **strongly** urges the **Board** to reject the proposed amendment.

Sincerely yours,



Philip M. Durr  
Compliance Officer